

FISCAL NOTE
 LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2024-25		FY 2025-26	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS			See Below	See Below
FEDERAL FUNDS				
OTHER FUNDS	See Below	See Below	See Below	See Below
TOTAL FUNDS	See Below	See Below	See Below	See Below

Any Fiscal Notes received from state agencies and political subdivisions are attached following the Legislative Fiscal Analyst Estimate.

LB1247 amends Nebraska state statutes to:

- Beginning October 1, 2024, require that school lands which have a public road access point and is not currently being used for solar/wind energy, nor recreation; is owned or leased by the Board of Educational Lands and Funds (BELF), to be open to the public for hunting;
- Compel the BELF at the time of renewing expired leases on school lands that have public road access points, to renew the leases or engage in new leases which make the land available for public walk-in access hunting;
- Permit the Nebraska Game and Parks Commission (NGPC) to sell access stamps which would be necessary for individuals to hunt on these BELF lands for a fee of:
 - \$25 - \$50 for Nebraska residents; and
 - \$50 - \$100 for nonresidents;
- Direct the NGPC and the BELF to enter into an agreement sharing the proceeds of the access stamps;
- Allow the NGPC to include the land available from the BELF for walk-in hunting on the NGPC website;
- Authorize any NGPC Game Law Enforcement officer entrance on these lands owned or leased by the Board of Educational Lands, to enforce the Game Law at any time; and
- Exempt individuals with written permission from the lessee of the BELF land, to hunt on the land without needing to purchase a stamp.

Expenditures:

The NGPC has indicated cash fund expenditures of approximately \$58,990 in FY2025-26. This is based on minimum statutory requirements for hunting signage per BELF section of 16 signs (4 regular, 12 boundary), with an estimated cost per 640-acre section of \$49.20. The current expectation by NGPC of BELF land which would need signs is around 1,199 sites or 767,515 acres (\$49.20 x 1,199 = \$58,990). Additionally, NGPC would expect extra expenses for: public access atlas updating, permit system development, designing and implementing the new BELF access stamps, staff hours needed for sign placement, and law enforcement travel. These additional expenditures were not quantified on their fiscal note.

The BELF has stated they anticipate it would take 11 years for all of the current leases to cycle around to the next renewal time. Before this cycling is complete, the BELF feels it would be necessary to place “no hunting” signs on BELF lands to clearly identify to the public which leases are not open for hunting. The board expects the initial cost of all the “no hunting” signs would be approximately \$1,021,562 of School Trust Funds in FY2024-25, plus annual maintenance costs of \$204,312 in School Trust Funds beginning with FY2025-26. Additionally, the BELF believes that they may have liability and need to reimburse tenants for damages such as cattle

deaths from errant shots, vehicle collisions with cattle due to open gates or broken fences, crop damage, trash and carcass clean-up, damage to water tanks, windmills, and equipment. However, we have not included these numbers in the chart above, as the bill language does not specify that "No Hunting" signs are required. Furthermore, we cannot speculate that damage would occur from lawful hunting on BELF lands.

Revenues:

To determine the cash fund revenue impact of this bill, the NGPC estimated the number of hunters who might purchase this access stamp. NGPC utilized 2023 numbers from a UNL hunter satisfaction survey where 49% of respondents claimed to use public land for hunting. From this, they estimated about 45,615 residents and 17,974 nonresidents use public land for hunting. Assuming 25% of residents/nonresidents would purchase a stamp at \$25.00 and \$50.00 respectively, revenue to the state would be \$509,769. Splitting this cash fund revenue 50/50 with BELF, the NGPC estimates approximately \$254,884 in cash revenue from the stamp to their agency.

The BELF has indicated they serves as Trustees of the School Land with the Fiduciary duty to maximize income from the school lands while also conserving the land and treating tenants fairly. To maximize income, the BELF's rental rates must be at least as high as the private rental market. At present, BELF tenants pay for the full and exclusive use, control and enjoyment of our properties, including the hunting rights. This allows tenants the ability to control all activities on BELF properties. The BELF anticipates this bill would impact approximately 784,983 acres of BELF land, and would decrease the rental rates of this land, if tenants were no longer in full control of the properties. Currently, BELF land which has good hunting attributes, earn an "enhanced value" rent, which is approximately \$1,439,875.00 on 77,003.74 acres. The "enhanced value" would be lost depending upon the definition of the terms "used in recreation" in LB1247. Also, severing the hunting rights from all other non-enhanced value land, would also cause a reduction in rent. This is clear since data from other governmental ag-rental areas that allow open hunting, show remarkably lower ag rentals than the BELF land rental rates. The BELF calculated this loss by looking at the NGPC's Open Fields and Waters program, which pays private landowners an average \$4.43 per acre to allow public hunting. This would be a reasonable estimate of the value of severed hunting rights, hence BELF land value loss on the remaining 707,980.08 acres would be an approximate \$3,136,351.75 loss of School Trust Funds in FY2024-25 and FY2025-26, and every year after. The BELF believes this is a conservative calculation, as it does not include loss of bonus payment value. Additionally, the BELF currently enrolls 6,456 acres annually in the NGPC Open Fields and Waters program, which would no longer be available for the program, at an annual loss of \$3472.64 to the School Trust Fund in both FY2024-25 and FY2025-26.

There is no basis to disagree with the estimation of expenditures by the NGPC, nor the possible revenue gains or revenue losses of either the NGPC or the BELF. These appear reasonable given the assumptions used. However, as previously noted, the BELF estimation of expenditures for signage and speculative damages appear excessive.

Note: The Nebraska Constitution requires that all funds received from BELF School Trust lands can only be paid to the Nebraska public schools. Therefore, any funds retained by the NGPC for the access stamps, or reimbursement of expenditures, would be a use of BELF School Trust funds which is contrary to our state Constitution.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 1247	AM:	AGENCY/POLT. SUB: Game and Parks Commission	
REVIEWED BY:	Jacob Leaver	DATE: 1/25/2024	PHONE: (402) 471-4173
COMMENTS: Concur with the Game and Parks Commission's estimate fiscal impact to the agency as a result of LB 1247.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 1247	AM:	AGENCY/POLT. SUB: Board of Educational Lands and Funds	
REVIEWED BY:	Jacob Leaver	DATE: 1/24/2024	PHONE: (402) 471-4173
COMMENTS: The Board of Educational Lands and Funds' estimated reduction in revenue seems reasonable as a result of LB 1247. Disagree with the Board's estimated expenditures in relation to the "no hunting signs".			

LB⁽¹⁾ 1247 School Lands Open to the Public for Hunting

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Nebraska Game & Parks Commission
 Prepared by: ⁽³⁾ Kay Mencl Date Prepared: ⁽⁴⁾ January 17, 2024 Phone: ⁽⁵⁾ (402) 471-5189

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2024-25</u>		<u>FY 2025-26</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	<u>58,990</u>	<u>254,884</u>
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	<u>_____</u>	<u>_____</u>	<u>58,990</u>	<u>254,884</u>

Explanation of Estimate:

The bill requires the Board of Educational Lands and Funds to renew certain leases of school land beginning on October 1, 2024, with availability for hunting; if the land is not used for wind energy, solar energy, or recreation.

The Nebraska Game and Parks Commission will make available on their website a map of such school lands that are available for walk in access hunting. The Board and Commission shall create an access stamp of not less than twenty-five dollars and not more than fifty dollars for Nebraska residents and not less than fifty dollars and not more than one hundred dollars for nonresidents. Funds from the access stamp will be shared between agencies.

The major determining factor to influence the fiscal impact of the proposed legislation lies in the number of hunters that would utilize the property and the determining share of revenue from the sale of the access stamp. From the 2023 UNL hunter satisfaction survey, 49% of respondents claimed to use public land for hunting. Therefore, it is estimated about 45,615 residents and 17,974 nonresidents use public land for hunting. Assuming 25% of residents and nonresidents would purchase a stamp at \$25.00 and \$50.00 collectively, revenue to the state would be \$509,769. If this revenue was split 50/50 with BELF, the Commission could recognize approximately \$254,884 in cash revenue from the stamp.

To meet statutory requirements for signage, we would need a minimum of 16 signs (4 regular, 12 boundary) per BELF section. Current cost per signs is about \$49.20 per 640-acre section. We are estimating about 767,515 acres / 640 (section) = ~1,199 individual sites. 1,199 * \$49.20 = \$58,990 to procure signs.

Based on historical experience, it is also expected that the agency would see increases in expenditures in the following areas:

- Public Access Atlas Update.
- Permit system development and design.
- Design and implementation of access stamp.
- Staff hours to post signage.
- Law Enforcement travel expenses responding to hunters.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2024-25 EXPENDITURES</u>	<u>2025-26 EXPENDITURES</u>
	<u>24-25</u>	<u>25-26</u>		
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	<u>58,990</u>
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	<u>58,990</u>

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2024

LB⁽¹⁾ 1247

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Board of Educational Lands and Funds

Prepared by: ⁽³⁾ Kelly L. Sudbeck Date Prepared: ⁽⁴⁾ 01/23/24 Phone: ⁽⁵⁾ 402-471-2014

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2024-25</u>		<u>FY 2025-26</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
K-12 SCHOOL TRUST FUNDS	<u>1,021,562</u>	<u>(4,579,698)</u>	<u>204,312</u>	<u>(4,579,698)</u>
TOTAL FUNDS	=====	=====	=====	=====

Explanation of Estimate: The Board of Educational Lands and Funds (School Land Trust) serves as Trustees of the School Land with the Fiduciary duty to maximize income from the school lands while also conserving the land and treating tenants fairly. To maximize income, the Board’s rental rates must be at least as high as the private rental market. At present, our tenants pay for the full and exclusive use, control and enjoyment of our properties, including the hunting rights. This ability to control all activities on our properties is of extreme importance to our tenants. LB 1247 will impact approximately 784,983 acres of School land, and will decrease the Board’s rental rates on this land since it deprives our tenants of the full use, control and enjoyment of our properties. The Board presently leases tracts which we believe have better than average hunting attributes. These leases earn “enhanced value” rent, of approximately \$1,439,875.00 on 77,003.74 acres. This enhanced value would be lost depending upon the definition of the terms “used in recreation” in LB 1247. Severing the hunting rights from all other non-enhanced value land, would also cause a reduction in rent. This is clear since data from other governmental ag-rental areas that allow open hunting, show remarkably lower ag rentals than school land rental rates. To calculate this loss, we look to the Game and Parks’ Open Fields and Waters program, which pays private landowners an average of about \$4.43/acre to allow public hunting. This would be a reasonable estimate of the value of severed hunting rights. Thus, the hunting rights value lost on the remaining 707,980.08 acres would be \$3,136,351.75. This calculation is conservative, since it does not include loss of bonus payment value. Finally, the Board enrolls 6456 acres in the Open Fields and Waters program, which provides for a payment to allow public hunting, administered by Game and Parks, which acres would be withdrawn from the program, at a loss of \$3472.64 to the Trust.

There are additional costs which are very difficult to estimate. It will take 11 years for all leases to cycle. In order to clearly identify to the public which leases are not open for hunting during this 11-year period, “no hunting” signs will need to be posted on these leases at a cost in excess of one million dollars, plus estimated annual maintenance costs of \$204,260.00. Moreover, the School Land Trust may also be liable for reimbursing our tenants for damages for cattle death from errant shots or collisions with vehicles due to open gates, broken fences; crop damage, trash and carcass clean-up, damage to water tanks, windmills, and equipment. Even at only \$1.00/acre, these costs could exceed \$784,983.00.

The Nebraska Constitution requires that all funds received from School Trust lands can only be paid to the Nebraska public schools. Therefore, any funds retained by Game and Parks to reimburse their costs for administering the special “access stamp” program, granting hunting access to trust lands, would be a loss to the School Land Trust, and would be a use of trust funds that is contrary to the Constitution.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2024-25</u>	<u>2025-26</u>
	<u>24-25</u>	<u>25-26</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	<u>1,021,562</u>	<u>204,312</u>
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____

